



DEPARTMENT OF AIR FORCE  
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR ALMAJCOM-FOA-DRU (CONTRACTING)

28 SEP 2001


FROM: SAF/AQC  
1060 Air Force Pentagon  
Washington, DC 20330-1060

SUBJECT: DOD/IG Audit of Price Reasonableness Determinations (Report No. D-2001-129)

The DOD/IG recently completed an audit of the price reasonableness determination of contracting officers when cost or pricing data was not obtained to determine the adequacy of such determinations. The audit found issues regarding the acceptance of catalog prices without verification or discussions, inappropriate reliance on previous prices paid for comparison purposes, acceptance of unsupported costs and the inappropriate use of the exceptions to the Truth In Negotiations Act (TINA). The audit also cited concerns about the impact of urgent requirements on pricing and lack of requests for DCAA assistance. The audit concluded that in many cases we were not adequately documenting our price reasonableness determinations. The entire report can be reviewed at <http://www.dodig.osd.mil/audit/reports/fy01/01-129pt1.pdf>.

In order to address the concerns raised, we will be conducting a survey to determine the need for training on various aspects of pricing. In addition, we request the following actions be taken. First, we request that you mitigate some of the impact of urgent requirements by making people are aware of the various preexisting contracts that are available which may be able to fulfill these requirements and by ensuring that proper pricing is being done on these requirements. Second, ensure that contracting personnel are familiar with the various support services that DCAA can provide, such as verification of sales history and review of catalog sales, and encourage greater utilization of these services. Third, ensure that people are aware of and comply with FAR 15.403-1 regarding the exceptions to TINA. Fourth, conduct a pricing review on all competitive solicitations where only one response is received to ensure that adequate information exists to determine price reasonableness prior to contract award. Taking these actions, in addition to providing targeted training, should improve the overall health of pricing.

Should you any questions, please contact my action officer Karen Petering, SAF/AQCP her at (703) 588-7054 or email her at [karen.petering@pentagon.af.mil](mailto:karen.petering@pentagon.af.mil).

  
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